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MAR 28 2011

ENVIRONMENTAL SITE INSPECTION

DIV. OF OIL, GAS & MINING

1. Business System Site Number: ML 50751
2. Lease/Site Manager: Will Stokes
3. What is the date of your inspection and who conducted the inspection? 3/23/11 by  
Sonja Wallace and Ron Barton
4. Location: Township 18S, Range 25E, SLB&M, 640 Acres
5. Does the Site have a bond? If so, list types and amounts: No SITLA bond. DOGM bond  
for \$25,100
6. What are the approved uses at the Site? Humic Shale mining and processing facility.
7. Is there any staining on the surface at the Site? If yes, please describe or photograph  
Yes
8. Is there any Infrastructure at the Site (roads, water, sewer, electricity, etc)? Dirt  
Road
9. Are there any buildings/structures at the Site? If yes, please describe: Processing  
equipment and mill, 2 retention/holding ponds (one is lined, the other is not), 3 trailers  
(1 for operation of processing mill, the other 2 are for storage of materials), 2 large soft  
sided water containment bags.
10. Is the site fenced? No
11. Are there trespass/security issues that need to be addressed at the Site? If yes, please  
describe: Yes
12. Is the Site surface clear of debris? If No, please describe debris/trash types in detail:  
No
13. Describe any surface disturbances (digging etc.) 2 retention ponds have been dug at  
the site. Small plastic marker flags are located on the hills adjacent to the main  
processing area of the site.



14. Is there a need for re-vegetation work at the Site? If yes, describe type and location: Yes, but not until surface has been cleared
15. Are there any water features at the Site (streams, ditches, ponds canals)? If yes, please describe features and their condition: No natural water ways. 2 retention ponds (1 is lined), and 2 large water holding bags are full.
16. Are there Water Rights associated with this Site? If yes, please list: No
17. What recommendations do you have for work that needs to be completed at the Site? The site appears to have been abandoned or not in use for some time. There are 2 large trailers (1 is a semi) full of various un-labeled materials so there is no way to determine what hazardous they might contain. Most of the materials seem to be inert, but I am unsure of this. In the semi trailer, when the back door was opened, a distinct chemical smell was detected, indicating either leaking or improperly stored materials. It does appear that many of the materials have weathered and the containers/structures they are in, are now falling apart or rusting causing these materials to spill out, and in some cases, mix. There is a large secondary containment vessel that is  $\frac{3}{4}$  full of oils/greases that is not properly maintained.
18. What Site improvements (if any) would you recommend? The site's housekeeping needs to be improved substantially. Materials need to be marked as to their contents, dated and properly segregated to reduce the potential reaction of chemicals. Trash from the site needs to be removed. Used oils/greases need to be removed and/or properly stored in a covered, cool area with proper containment and labeling. The Lessee should be notified of these problems and given a specific time frame to remedy these issues.



ML 50751, Grand County



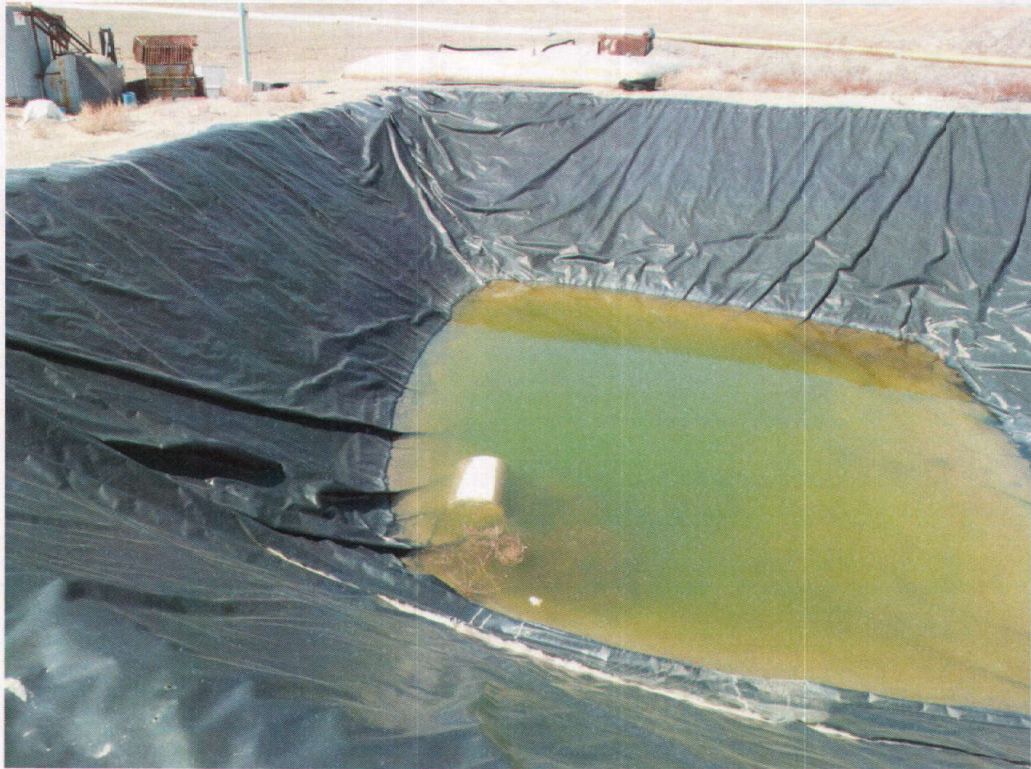


**Main Processing Equipment at Site**



**Main Processing Equipment that Appears to be Neglected**



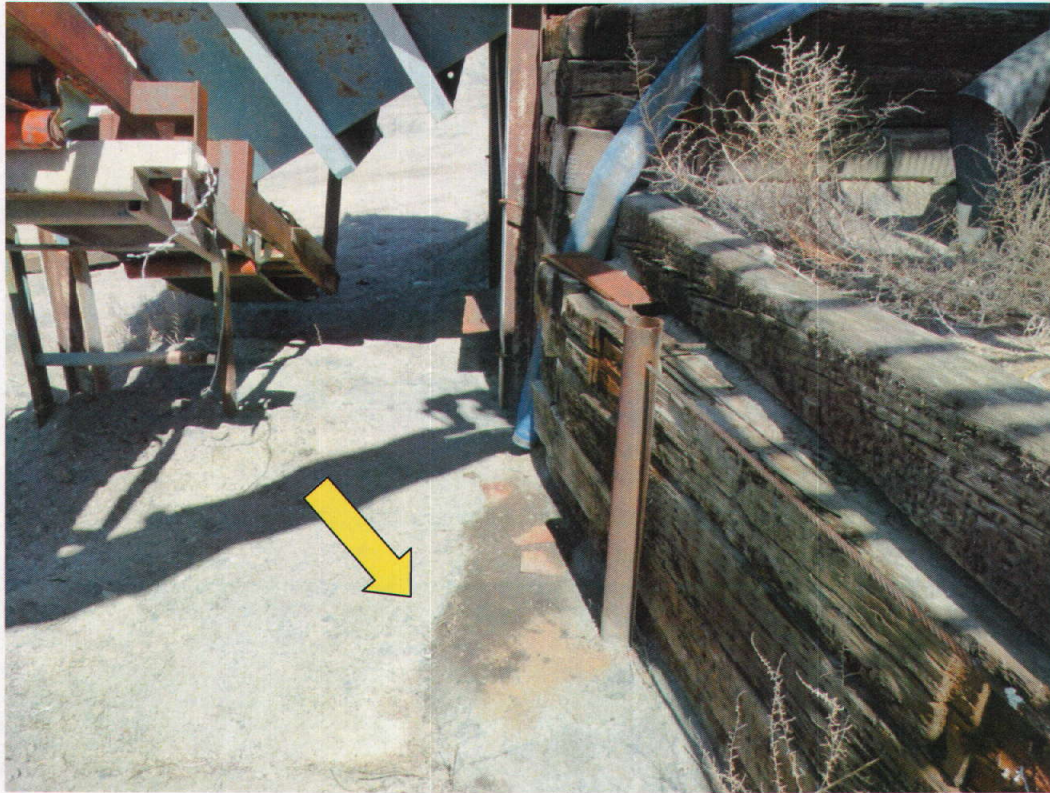


**Lined Containment Pond #1**

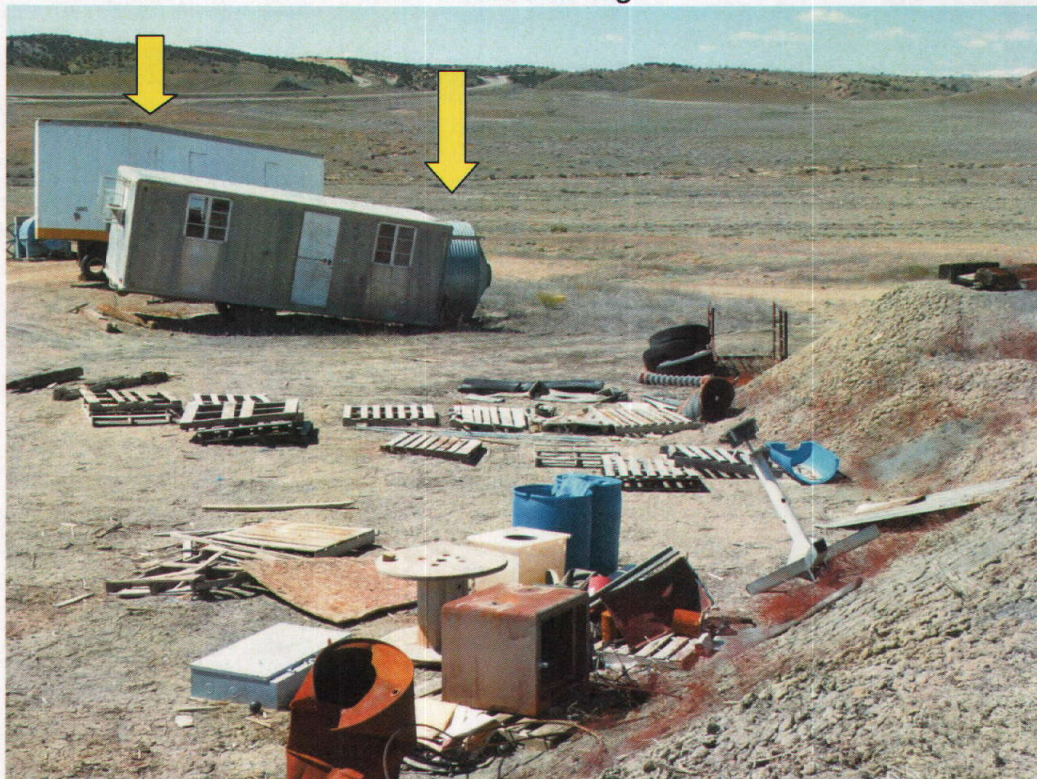


**Un-lined Containment Pond #2**



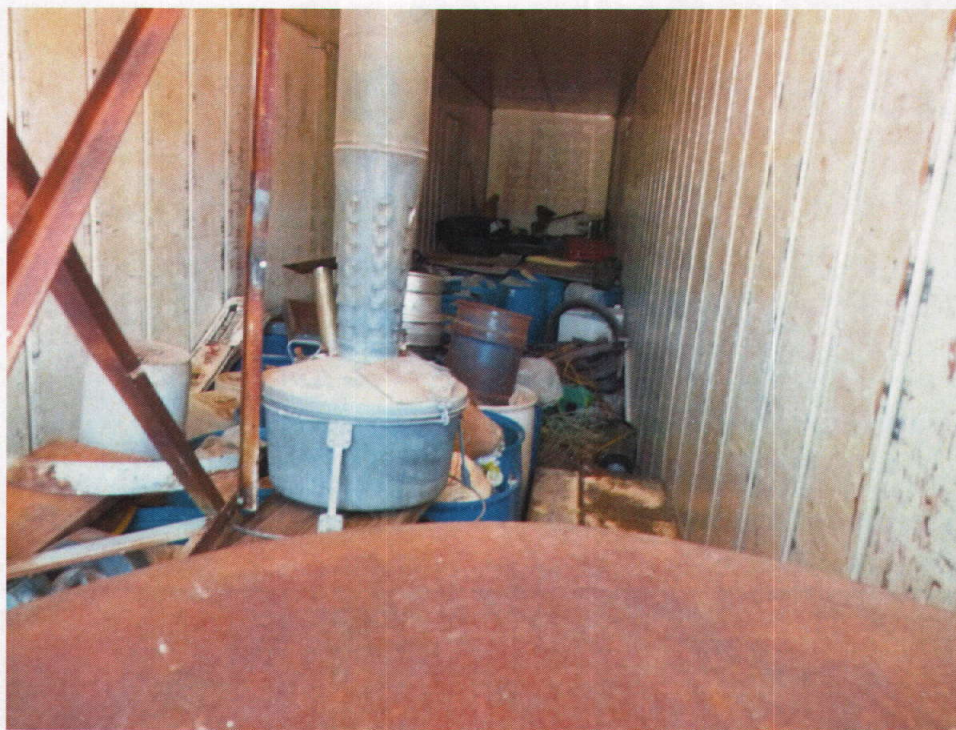


**Surface Staining**



**Misc. Surface Debris at Site. Arrows Indicate 2 Storage Trailers Loaded Full with Unknown materials and Chemicals.**





**View Inside Semi Trailer**



**View of Degraded Containers in Smaller Storage Trailer**





**Un-Labeled Containers, Small Trailer**



**Inside of Trailer Housing Equipment Control Panels**





**Inside Control Panel Trailer. This Chemical, Potassium Borohydride, Reacts Violently with Water (Note Moisture on Top of Black 55 Gallon Drum)**



**Improper Storage of Used Oils/Greases**





**Misc. Equipment at Site**

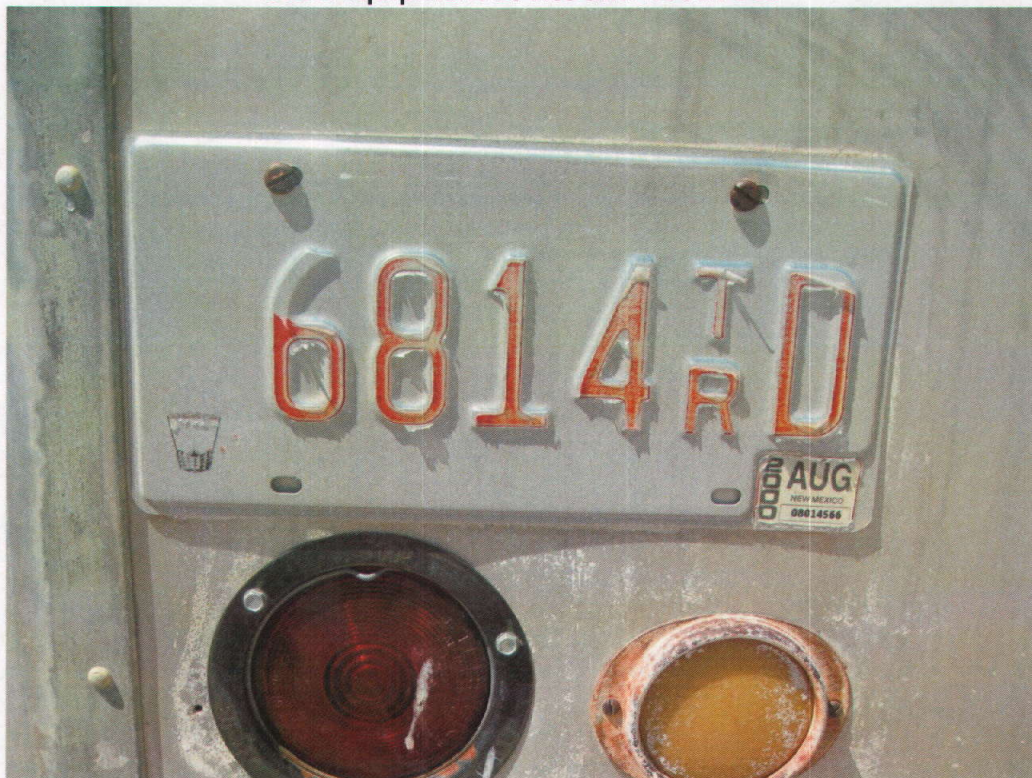


**Bags that have Split Open and Been Exposed to Weather**





**Misc. Equipment at Site and Not in Use**



**Expired Plates from Storage Trailer (11 Years)**





**Misc. Equipment at Site**



**Misc. Surface Debris**





**Misc. Surface Debris**



**Surface Debris**